

**ASSEMBLY BILL**

**No. 1788**

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**Introduced by Assembly Member Waldron**

February 18, 2014

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An act to amend Section 25500 of the Business and Professions Code, relating to alcoholic beverages.

LEGISLATIVE COUNSEL'S DIGEST

AB 1788, as introduced, Waldron. Alcoholic beverages: tied-house restrictions.

Existing law, known as tied-house restrictions, prohibits a manufacturer, winegrower, manufacturer's agent, rectifier, California winegrower's agent, distiller, bottler, importer, and wholesaler, and any officer, director, or agent of any of those persons, from having specified relationships with an on-sale alcoholic beverage licensee with limited exceptions.

This bill would make technical, nonsubstantive changes to this provision.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 25500 of the Business and Professions  
2 Code is amended to read:  
3 25500. (a) No manufacturer, winegrower, *California*  
4 *winegrower's agent*, manufacturer's agent, rectifier, ~~California~~  
5 ~~winegrower's agent~~, distiller, bottler, importer, or wholesaler, or  
6 any officer, director, or agent of any such person shall:

- 1 (1) Hold the ownership, directly or indirectly, of any interest in  
2 any on-sale license.
- 3 (2) Furnish, give, or lend any money or other thing of value,  
4 directly or indirectly, to, or guarantee the repayment of any loan  
5 or the fulfillment of any financial obligation of, any person engaged  
6 in operating, owning, or maintaining any on-sale premises where  
7 alcoholic beverages are sold for consumption on the premises.
- 8 (3) Own any interest, directly or indirectly, in the business,  
9 furniture, fixtures, refrigeration equipment, signs, except signs for  
10 interior use mentioned in subdivision (g) of Section 25503, or lease  
11 in or of any premises operated or maintained under any on-sale  
12 license for the sale of alcoholic beverages for consumption on the  
13 premises where sold; or own any interest, directly or indirectly, in  
14 realty acquired after June 13, 1935, upon which on-sale premises  
15 are maintained unless the holding of the interest is permitted in  
16 accordance with rules of the department.
- 17 (b) This section does not apply to the holding by one person of  
18 a wholesaler’s license and an on-sale license in counties not to  
19 exceed 15,000 population.
- 20 (c) This section does not apply to the financial or representative  
21 relationship between a manufacturer, winegrower, manufacturer’s  
22 agent, rectifier, California winegrower’s agent, distiller, bottler,  
23 importer, or wholesaler, or any officer, director, or agent of such  
24 person, and a person holding only one of the following types of  
25 licenses:
- 26 (1) On-sale general license for a bona fide club.
- 27 (2) Club license issued under Article 4 (commencing with  
28 Section 23425) of Chapter 3.
- 29 (3) Veterans’ club license issued under Article 5 (commencing  
30 with Section 23450) of Chapter 3.
- 31 (4) On-sale license for boats, trains, sleeping cars, or airplanes  
32 where the alcoholic beverages produced or sold by the  
33 manufacturer, winegrower, manufacturer’s agent, rectifier,  
34 California winegrower’s agent, bottler, importer, or wholesaler or  
35 any officer, director, or agent of the person are not sold, furnished,  
36 or given, directly or indirectly to the on-sale licensee.
- 37 (d) This section does not apply to an employee of a licensee  
38 referred to in subdivision (a) who is a nonadministrative and  
39 nonsupervisory employee.

1 (e) Notwithstanding any other provision of this division or  
2 regulation of the department, this section does not apply to an  
3 employee of a licensee referred to in subdivision (a) who is the  
4 spouse of an on-sale licensee, so long as the on-sale licensee does  
5 not purchase, offer for sale, or promote, regardless of source, any  
6 of the brands of alcoholic beverages that are produced, bottled,  
7 processed, imported, rectified, distributed, represented, or sold by  
8 any licensee referred to in subdivision (a) that employs the spouse  
9 of the on-sale licensee.

10 (f) Nothing in this division prohibits the holder of any retail  
11 on-sale or off-sale license from purchasing, for fair consideration,  
12 advertising in any publication published by any manufacturer,  
13 winegrower, manufacturer's agent, rectifier, California  
14 winegrower's agent, distiller, bottler, importer, or wholesaler, or  
15 any person who directly or indirectly holds the ownership of any  
16 interest in the premises of the retail licensee.